



SPECIAL NOTICE

IFQ COST RECOVERY (FEE) PROGRAM

April 2000

The Individual Fishing Quota (IFQ) Cost Recovery (Fee) Program is in effect and applies to the entire 2000 IFQ season and beyond. This notice briefly explains the program, your obligations under its terms, and the steps that are being taken to implement it.

At the outset, we caution you that

if you are an IFQ permit holder, landings on your IFQ permit(s) are now subject to a fee that you are responsible for paying. The fee will not exceed 3 percent of the ex-vessel value of IFQ landings on your permit(s) and must be paid by January 31 of the year after landings are made. We advise that you plan now for this financial obligation.

Although the responsibility for paying the fee lies with IFQ permit holders, **IFQ Registered Buyers** that function as shoreside processors also have reporting responsibilities as described below.

Background

The obligation to collect fees for IFQ landings is Federal law enacted by Congress. A 1996 amendment to the Magnuson-Stevens Fishery Management and Conservation Act (MSA) required the Secretary of Commerce to adopt regulations to implement a cost recovery program for the Alaska halibut and sablefish IFQ program. Under the law, we must collect a fee to recover the costs of managing and enforcing the IFQ program. Further, 25 percent of any fees collected must be made available for appropriation to support the IFQ loan program. The fee may not exceed 3 percent of the ex-vessel value of the IFQ species landed.

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Restricted Access Management Program
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How the system will work

For IFQ Permit Holders: You are responsible for fees owed for all landings on your permit(s), regardless of whether you, or hired skippers, made the landings. After the end of each IFQ season, RAM will (1) use Registered Buyer data to calculate a set of “standard ex-vessel prices” for IFQ fish landed by species, month, and port; (2) compile a list of all your IFQ permit landings by species, month, and port; (3) apply the appropriate “standard ex-vessel price” to each of your landings (which results in a “standard ex-vessel value” for each landing); (4) apply the annual fee percentage (3 percent or lower) to each landing’s “standard ex-vessel value”; (5) sum the “standard ex-vessel values” for all your landings and permits. This final result is your total fee owed, as based on the standard prices and values. NMFS will mail you a “bill” that itemizes your landings and shows your total fee liability.

When you receive the bill, you must pay it by no later than January 31 of the year following the calendar year in which landings were made. You have two payment options:

1. You may pay the amount billed (i.e., the amount based on RAM’s calculation of the total “standard ex-vessel value” of all your permit landings -- see below); or,
2. You may pay an amount based in whole or in part on “actual” ex-vessel receipts from the sale of your halibut or sablefish. However, if you choose to pay any portion of your fee on the basis of actual receipts, you must be prepared to demonstrate (with those receipts) how much you were paid for those IFQ landings.

For Registered Buyers acting as shoreside processors: You must report to RAM how many pounds, by species, month, and port, of IFQ halibut and/or sablefish you purchased and how much you paid for the product. Reports are due at NMFS by October 15th of each year. Forms and instructions will be available well in advance of that date.

Calculating “standard ex-vessel price” and “standard ex-vessel value”: The Registered Buyer reports are essential for calculating the “standard ex-vessel prices” of IFQ fish for any given year. Upon receipt of the information, RAM will compute the average price paid by species, month, and port (or group of ports). The resulting numbers are the suite of “standard ex-vessel prices” for that year, and will be the basis for calculating the “standard ex-vessel value” of each landing.

Calculating the annual fee percentage: The regulations assume that the fee will be 3 percent (but not more) of the ex-vessel value of the IFQ fish landed. Late in each fishing year NMFS will compute the costs of managing and enforcing the program. If costs are less than expected, and if prices paid for IFQ fish are higher than expected, the annual fee percentage could be adjusted downward for that year. To determine the annual fee percentage, RAM will consider the costs of management and enforcement, and the total “standard ex-vessel value” of all IFQ fish landed on all permits. If applying a 3 percent fee would recover revenues in excess of those needed, the

percentage will be set at less than 3 percent. Notice of the new percentage will be published in the Federal Register and reflected in bills sent to permit holders.

Payment of the fee: IFQ permit holders must pay their fees by January 31 of the year following the calendar year in which landings were made. Failure to pay on time will result in the permit holder's Quota Share (QS)/IFQ becoming non-transferable and the person being ineligible to receive any additional QS/IFQ by transfer. Communication with RAM will provide ample opportunity for each IFQ permit holder to reconcile their account. However, if the individual continues not to pay, RAM will produce a formal determination and state the amount due. Any such formal determination may be appealed. **If the formal determination is not appealed and the account remains unpaid or under-paid, the matter would be referred for collection.**

Annual reporting: At least once a year, RAM will publicly report on the fee program. The report will include information on agency management and enforcement costs; the number of IFQ permit holders who paid fees; the amount of the funds allocated to the IFQ loan program; calculation of the annual fee percentage and the "standard" ex-vessel values; and a variety of other information.

Information: If you have any questions on the IFQ Cost Recovery Program, feel free to call RAM at 1-800-304-4846 (select option #2) or (in Juneau) 586-7202 (select option #2). Copies of the regulations that govern the program are available in the Federal Register or by accessing the NMFS Alaska Region Internet site at <www.fakr.noaa.gov>.